

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal One)

Docket No. RM2020-6

PUBLIC REPRESENTATIVE COMMENTS

(April 2, 2020)

I. INTRODUCTION

The Public Representative hereby provides comments in response to Commission Order No. 5445.¹ In that order, the Commission established Docket No. RM2020-6 to receive comments from interested persons, including the undersigned Public Representative, that address the Postal Service's petition to change analytical principles related to periodic reporting.² The Postal Service filed the Petition pursuant to 39 C.F.R. § 3050.11. Petition, Proposal at 1.

II. SUMMARY OF PROPOSAL ONE

In Proposal One, the Postal Service proposes a change in RPW reporting methodology, specifically to the source of PC Postage domestic parcel mail, from sample data provided by the Origin-Destination Information System—Revenue, Pieces, and Weight (ODIS-RPW) sampling system to corresponding census transactional data. *Id.* at 1. The Postal Service asserts that the proposed changes would add another important census source to the revenue, pieces, and weight (RPW) reporting system and would complement the PC Postage NSA transactional data, which are already included in the RPW reporting system. *Id.*

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal One), March 3, 2020 (Order No. 5445).

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), February 28, 2020 (Petition).

III. BACKGROUND

Proposal One would change the RPW reporting methodology “for measuring the national totals of non-contract mailpieces in domestic parcel mail categories bearing PC Postage indicia from postage evidencing systems.” *Id.* at 1. Proposal One would replace the statistical sampling estimates from the ODIS-RPW probability sampling system with corresponding census transactional data. *Id.* at 1. The current methodology of RPW reporting for PC Postage relies on a combination of several census sources and statistical estimates from the ODIS-RPW system. *Id.* at 3.

The Postal Service lists several recent dockets approved by the Commission that made similar replacements of statistical estimates with census data. *Id.* at 1-2. In Docket No. RM2016-7³, the Commission approved a change to RPW estimates for Outbound First-Class Mail International, Outbound Priority Mail International, First-Class Package International Service, Outbound Direct Sacks (M-bags), and Free Mail which allowed the Postal Service to use detailed data from improved census systems. In Docket No. RM2019-11⁴, the Commission approved a similar change to Priority Mail Express International RPW reporting using census data. *Id.*

Postage evidencing systems⁵ are used by customers to print evidence that postage has been paid. PC Postage is a third-party vendor software approved by the Postal Service that allows mailers to pay for and print postage using a computer, printer, and internet connection. *Id.* at 2. To indicate postage payment, postage evidencing systems print information based indicia (IBI), which mailers place on a mailpiece or a label affixed to a mailpiece. *Id.* The National Meter Account Tracking System (NMATS) records PC Postage payment transactions. *Id.*

The Postal Service runs an Automated Package Verification (APV) system using barcode data, in-line scales, and dimensional scanners on parcel sorters to identify and charge postage due for mailpieces that are short-paid or to refund overpaid postage. *Id.*

³ See Docket No. RM2016-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal One), July 17, 2016 (Order No. 3377).

⁴ See Docket No. RM2019-11, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Six), October 22, 2019 (Order No. 5280).

⁵ Postage evidencing systems consist of postage meters and PC postage products.

PC Postage transaction information is compared with packages rated in APV and customers' accounts are either charged or credited accordingly. *Id.* According to the Postal Service, beginning April 1, 2020, the APV program will expand to additional types of parcel sorters that will allow for enhanced adjustment records to be sent to NMATS that can be used for the correction process. The Postal Service states that this enhancement will allow for record-level adjustments for short-paid, overpaid, used refunded labels, duplicate labels, and unmanifested pieces. *Id.* at 3.

Under the current RPW methodology ODIS-RPW data collectors record PC Postage mailpieces as IBI⁶ and indicate the specific PC Postage manufacturer. *Id.* at 3. The Postal Service states that the limitations of the current reporting system include unintended errors occurring in the sampling of mail and recording of data, and the inability of the ODIS-RPW system to report on or adjust for short-paid and overpaid mail. *Id.* at 4.

The proposed reporting process would switch reporting of PC Postage domestic parcel mail categories from the ODIS-RPW sampling system to corresponding census data provided by PC Postage transactional data reported in NMATS. *Id.* The PC Postage data includes Media Mail and Library Mail parcels, First-Class Package Service, USPS Retail Ground, and Priority Mail.⁷ The Postal Service proposes that the changeover to census data reported in NMATS would be implemented no earlier than Quarter 3 FY2020 to allow for full implementation of the enhancements to the APV system, which begin April 1, 2020. The Postal Service intends to retroactively revise Quarters 1 and 2 FY 2020. *Id.* 4-5.

The Postal Service attached a public Excel file to the Proposal comparing the FY 2019 Quarters 1 through 4 revenues, volumes and weights revised to reflect the proposed census data from NMATS ("Proposed" column) to the current method using ODIS-RPW data ("Current" column).⁸ The Postal Service explains that while the FY2019 "Total All" Revenue is unchanged, there are changes to revenue and volume in certain mail categories. The Postal Service calculates that, under this proposal, Media and

⁶ PC Postage is a type of IBI with a two-dimensional barcode that mailers apply to their mailpieces.

⁷ The Postal Service notes that PC Postage data for most extra services already are obtained from NMATS, as approved by the Commission in Order No. 4039, August 25, 2017.

⁸ *Id.* at 6. The Postal Service has also filed under seal a restricted version of the Excel impact file that disaggregates data pertaining to competitive products (Library Reference USPS-RM2020-6/NP1).

Library mail revenue would increase by \$6.7 million (2.4 percent) and volume would increase by 1.9 million pieces (1.5 percent); First-Class Package Service revenue would increase by \$182.5 million (4.1 percent) and volume by 74.7 pieces (5.3 percent); USPS Retail Ground revenue would decline by \$7 million (2.6 percent) and volume would decline by 0.7 million pieces (5.8 percent); and Priority Mail revenue would decline by \$319.3 million (3.4 percent) and volume by 55.1 million pieces (5.1 percent). Attachment A at 1, 3. Total Mail volume for FY 2019 under the new methodology, would increase by 0.1 percent and total pounds by 0.3 percent. *Id.* at 4.

The Postal Service asserts it is likely that these gaps would be closed if this analysis were repeated using reporting periods after the full deployment of APV. Petition at 6. The changes between the current and proposed method in Attachment A are mainly the result of differences in manual data collection compared to postage payment data. *Id.*

IV. COMMENTS

Based upon a review of the Postal Service's filing including workpapers filed under seal, the Public Representative finds that Proposal One improves the accuracy of the Postal Service's reporting. Specifically, the Public Representative finds that the proposed change improves the accuracy of data used to report revenue, pieces, and weight reported quarterly in the RPW report.

Additionally, the Public Representative finds that the Postal Service's proposal to switch from ODIS-RPW sampling system data to corresponding census data will help avoid estimation sampling errors that result from limitations in the current system. The Postal Service demonstrates through its supporting Excel file how the proposal will affect the quarterly RPW reporting. It is important to note that the "Total All" Revenue is unchanged and sums to the total Trial Balance revenue. Furthermore, the proposed changes provide continued improvement to the quality of RPW reporting and are in line with changes approved by the Commission in prior dockets.

For the reasons discussed above, the Public Representative supports Proposal One and recommends its approval. The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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